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50

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SECRET

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Central Intelligence Bulletin

CONTENTS

Vietnam: Situation report. (Page 1)

France: Government optimistic, but climate of détente may be deteriorating. (Page 2)

Japan: Student militants may storm US facilities. (Page 3)

Indonesia: The government is having trouble in its fight against Communists in East Java. (Page 4)

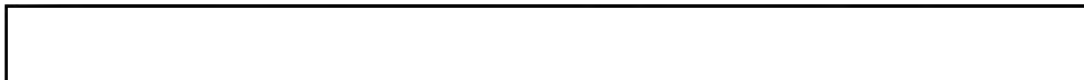
Arab States - Israel: The anniversary of the war last June could spark violence in Arab states. (Page 5)

Ecuador: Velasco is elected president for the fifth time. (Page 6)



25X1

Chile: Tensions may lead to a split of the Communist-Socialist front. (Page 8)



25X6

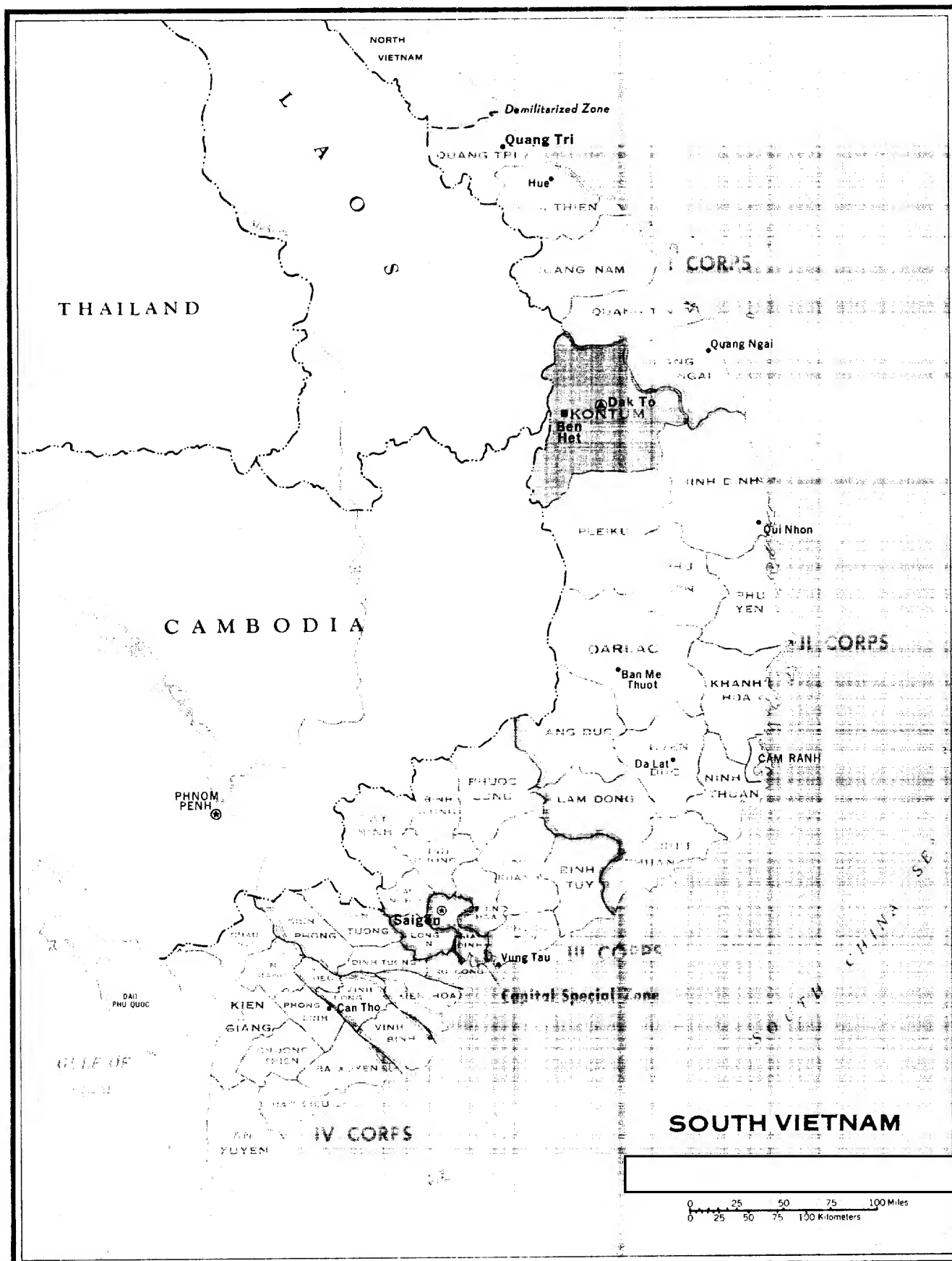
Yugoslavia: Student riots (Page 9)

Iran - Saudi Arabia: Talks between leaders (Page 9)

Saudi Arabia - Israel: Island dispute (Page 11)

SECRET

SECRET



25X1

SECRET

SECRET

[Vietnam:

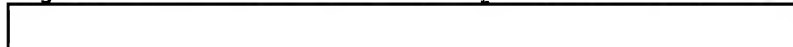
North Vietnam: Hanoi has modified its statement of 1 June which suggested that an agreement in principle by the US on ending the bombing would be sufficient to move the talks on to other issues.

On 3 June, Hanoi radio slightly rephrased the statement. Instead of saying the US only need "acknowledge its responsibility" to put a definitive end to the bombing--as did the version of 1 June--the amended statement says that the US must "determine" the definitive cessation of the attacks. Although somewhat harder, the new version still suggests an intent to establish a phase between actual agreement to cease the attacks and implementation of the agreement. In between, some substantive talks presumably might take place.

South Vietnam: The Communists maintained their military pressure against Saigon on 2-3 June when there was sporadic ground fighting both in the Cholon sector and in the northern suburbs.

In northern South Vietnam, heavy fighting erupted between elements of the South Vietnamese 1st Division and an estimated battalion of Communist troops four miles northeast of Quang Tri city. The enemy reportedly lost 107 killed in an eight-hour battle.

Meanwhile, in western Kontum Province, allied forces conducted spoiling operations to disrupt concentrations of North Vietnamese regulars threatening the Dak To - Ben Het Special Forces complex.



4 Jun 68

1

SECRET

SECRET

[France: The government remains optimistic despite signs that the climate of detente that has characterized the last four days may be deteriorating.

Now that France's three-day Whitsunday vacation is over, government leaders--encouraged by pro-Gaullist demonstrations, favorable opinion polls, and the mood of reconciliation which followed De Gaulle's speech of 30 May--are hopeful that a massive "return-to-work" movement will begin today. Some settlements have already been reached, and will be voted on by the rank and file today. Nevertheless, Premier Pompidou's public appeal yesterday for Frenchmen to join in reconstructing the economy has received no immediate response in certain key sectors.

Negotiations with railway unions are stalled, two train stations cleared by police over the weekend have been reoccupied by strikers, and Parisian transport workers have overwhelmingly rejected a settlement worked out by their leaders which offered a substantial salary increase. Employees of the government-owned radio network have rebuffed a proposal by the new minister of information designed to deal with their demands for greater autonomy, and tension caused by this issue has led to the resignation of three top television officials. In addition, a number of other labor-management negotiations are making only very slow progress.

Despite the problems which have developed in labor negotiations, the government is probably pleased that it has managed to focus the immediate attention of most workers on economic rather than political goals. If the government resorts to the use of force against strikers, however, the attention of the movement will probably shift back to politics.

4 Jun 68

2

SECRET

25X1

SECRET

Japan: Militant leftist students may attempt to storm US diplomatic facilities on 7 June in retaliation for the crash of a US jet fighter last weekend.

The chairman of an ultraleftist faction of the Japanese students' confederation, Zengakuren, announced yesterday that thousands of students would be mobilized against the US Embassy in Tokyo and the consulates in Kobe and Fukuoka. The police are capable of coping with the demonstrations but bloody clashes can be expected.

This radical student faction has a long record of initiating violent confrontations on anti-US issues. The most recent were directed against a US military field hospital in Tokyo in March and April, and against the visit to Sasebo of the nuclear-powered aircraft carrier Enterprise last January.

The crash of an F4C stationed in southern Japan into an unoccupied university building in Fukuoka on 2 June resulted in no injuries. The incident, however, provides another exploitable issue for the leftist opposition. In the upper house election campaign, the leftists have been pillorying the government over the alleged radioactive contamination of Sasebo harbor in early May by the nuclear-powered submarine Swordfish.

25X1

4 Jun 68

3

SECRET

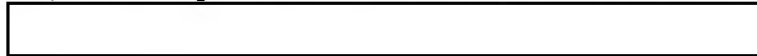
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Indonesia: The government is encountering potentially serious difficulties in its campaign against the Communist stronghold in East Java.

25X1



East Java is the only area in which the Communists have sustained a small-scale terrorist campaign, and they are receiving occasional assistance from sympathizers in the armed forces. Military units in East Java, significantly Communist-penetrated in the past, have not been screened as effectively as the army leadership had initially believed. The marine corps and the police are the most suspect, although elements of all forces are involved.



25X1

4 Jun 68

4

SECRET

SECRET

Arab States - Israel: The anniversary on 5 June of the 1967 Arab-Israeli war could spark violent demonstrations in the Arab states.

The situation is particularly explosive in Jordan. A mass rally scheduled in Amman could get out of hand, although security forces have taken steps to keep it in bounds. The government still has little control over terrorist groups, which may use the anniversary to try a dramatic attack on Israel. The Israelis are well aware that trouble is possible and have been tightening their security measures.

A general strike has been called for in Israeli-occupied Jordan, and Husayn and Nasir will deliver speeches in their capitals to mark the anniversary. There could be anti-American manifestations in many parts of the Arab world.

25X1

4 Jun 68

5

SECRET

SECRET

[Ecuador: Jose Maria Velasco has been elected president for the fifth time, according to nearly complete but unofficial returns.

In a close three-way race, Velasco has just over one third of the votes in Ecuador's most honest election in many years. Jorge Zavala Baquerizo, dynamic and controversial running mate of center-leftist candidate Cordova, apparently won the vice-presidency.

Results of congressional voting are still unclear but it seems likely that conservative and liberal political groups in the legislature may combine to thwart Velasco, possibly in hopes of forcing his fourth ouster from the presidency. Velasco's by-passing of the more moderate leaders of his political following, his dependence on extremist Carlos Julio Arosemena and others, as well as his drop from 47 percent of the vote in 1960, may encourage opposition maneuvers against him.

The new president is scheduled to take office on 1 September.

25X1

4 Jun 68

6

SECRET

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Chile: Rising tensions between the Communist and Socialist parties open the possibility of a split in their Popular Action Front (FRAP).

The Communists are increasingly upset by the extremist policies of the pro-Castro Socialists and are finding greater areas of cooperation with elements of President Frei's Christian Democratic Party. During recent student disturbances, the Communists broke with the Socialists and cooperated openly with Christian Democratic students.

The Communists, although upset by increasing Socialist criticism, are not closing the door to future cooperation. A statement by the Socialist Party secretary general that FRAP will not split was welcomed by Victor Diaz, the principal speaker at the Communist central committee plenum last week. Diaz implied, however, that continued Socialist recklessness could divide the alliance.

SECRET

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25X6

Yugoslavia: Riots in Belgrade on the night of 2 June continued on 3 June. Students seized the university administration building to press demands for reorganization of the university, as well as improved living conditions and employment possibilities. Charging police brutality, the students have also called for the resignation of the city's security chief and a voice in settling "open social problems." University authorities have promised to support "justified" student demands. The government probably will attempt to compromise lest the situation take on an unwelcome political tone.

25X1

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Iran - Saudi Arabia: The Shah, en route to a state visit in Ethiopia, stopped at Jidda airport yesterday in response to King Faysal's request for a brief talk. Relations between Iran and Saudi Arabia have been strained since problems in the Persian Gulf caused the Shah to cancel a visit to Saudi Arabia early this year. The Shah recently rescheduled his formal visit for this fall, but the two leaders may have felt that an earlier meeting could forestall new difficulties in relations between their countries.

25X1

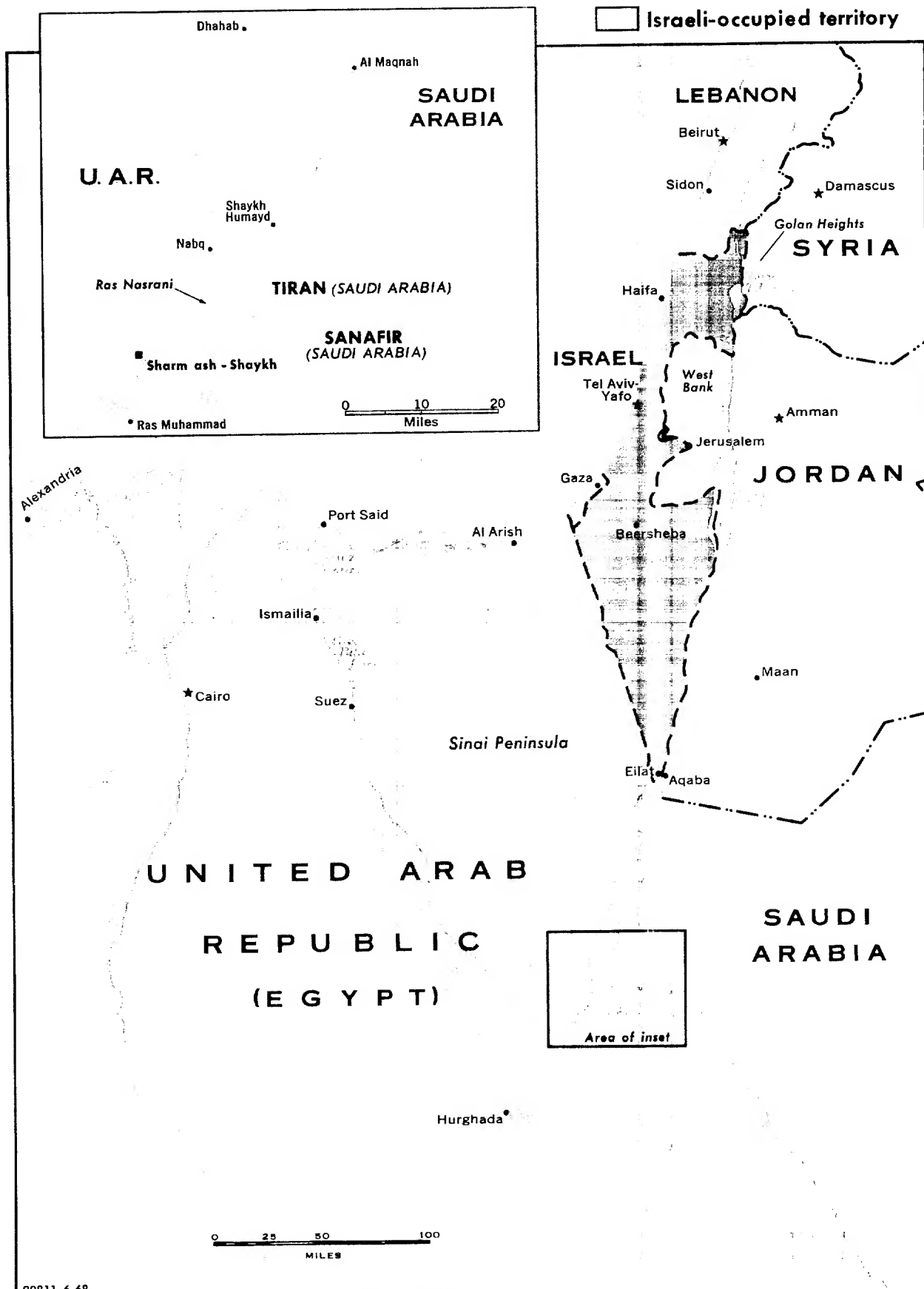
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4 Jun 68

9

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Saudi Arabia - Israel: King Faysal continues to be embarrassed by Israeli occupation of two Saudi islands at the mouth of the Gulf of Aqaba. The seizure of a Jordanian fishing boat by an Israeli launch near one of the islands last month has increased friction in the area. The Israelis have occupied Tiran and Sanafir islands since the war last June, on the grounds that they were held by Egyptian forces when hostilities broke out. The Israelis have resisted all suggestions that they withdraw.

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25X1

4 Jun 68

11

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